

# Guideline for Board on New Director Orientation



# Content

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03	<b>Introduction</b>
04	<b>Working Committee on ESG Guidelines for Boards 2021</b>
05	<b>Section 1 Key Principles</b>
08	<b>Section 2 Guidelines</b>
<hr/>	
09	<b>Guideline 1 Fundamentals of New Director Orientation</b>
09	1.1 Definition and Importance of New Director Orientation
09	1.2 Key Concept and Components of New Director Orientation
10	1.3 Board's Roles and Responsibilities in New Director Orientation
<hr/>	
11	<b>Guideline 2 New Director Orientation Process</b>
11	2.1 Objective Setting of New Director Orientation
11	2.2 Process of New Director Orientation
<hr/>	
15	<b>Guideline 3 New Director Orientation Evaluation and Development</b>
15	3.1 New Director Orientation Monitoring and Evaluation
15	3.2 Extending Results of New Director Orientation
<hr/>	
16	<b>Appendix 1</b> Example of key contents that should be included in Board Manual
17	<b>Appendix 2</b> Example of New Director Orientation program
18	<b>Appendix 3</b> Example of New Director Orientation evaluation form
<hr/>	
19	<b>References</b>

# Introduction

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When a listed company recruits and nominates new director to take part in determining business direction, long-term goals, strategic plans, and steering the management towards pre-set objectives, most Boards usually emphasize on analyzing “expected qualifications” and dedicate extra time for director nomination process as they hope the new director will create dynamic and uplift performance standard of the existing Board.

Despite effective nomination process that eventually delivers director with appropriate qualifications, the new Board member may not be able to dedicate full competencies for the company’s utmost benefits if the director lacks “readiness” or “confidence” to perform the roles. Such case could derive from various factors such as inadequate comprehension about the company or the director’s own roles, not knowing other directors, not understanding work environment and Board culture, etc.

The Corporate Governance Code 2017, therefore, proposed that the Board ensures its new member get guidance and information useful in performing roles of director. The Board should establish a clear policy to conduct “New Director Orientation” for every new directors regardless of their previous Board experiences to help them adjust and build confidence in performing their roles at full potential. The Corporate Secretary will act as key coordinator and facilitator in conducting the orientation.

This guideline has been developed to reflect the significance and necessity of New Director Orientation (particularly external directors who never involve or work with the company before), which will serve as “the first step” of director development process. We sincerely hope that contents of this guideline will help Board, Corporate Secretary, and the management perform their roles more efficiently. Meanwhile, they can also be used as guidelines for companies to review the appropriateness of existing Board Orientation form and process and pave ways for further improvement.

• Thai Institute of Directors •



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Section 1



# Key Principles

## Key Principles

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- 1 Responsibilities starts from the day shareholders appoint the “new director”. The Board should ensure the company has a mechanism to enhance readiness of the director in order to perform governance roles effectively. *(See guideline 1)*
  - 2 The Board should conduct “New Director Orientation”, a process to communicate and relay important and necessary information to newly appointed director, to give the new Board member adequate comprehension about relevant issues before performing roles as director. *(See guideline 1.1)*
  - 3 The Board should ensure that all new directors took part in the orientation, regardless of their previous directorship experiences, by established a clear policy in written. The orientation can be conducted in various forms, subject to appropriateness and qualifications of each director. *(See guideline 1)*
  - 4 The Board should recognize that New Director Orientation is “continuous process”, not “one-off” process. Therefore, the Board may consider a framework that divides New Director Orientation into three stages as follow: *(See guideline 2.2)*
    - 4.1 Self-study stage - In the period between the invitation to join the Board and official director appointment, the Board may primarily assign Corporate Secretary to present basic information to the person to create overview understanding about business type, business operation, relevant context as well as director’s roles and responsibilities.
    - 4.2 Official orientation stage - The arrangement for the new director to meet with other personnel within the organization. The Chairman of the Board, Chairman of Nomination Committee (if any), and the Chief Executive Officer will act as key facilitators in discussing various issues in order to present relevant information, exchange views, and respond to queries of the new director.
    - 4.3 Onboarding stage - To ensure the new director continuously develop knowledge, understand the Board’s function, and smoothly adjust to corporate culture, the Board may consider additional activities such as visits to various facilities or a tour of operations for new director to meet with personnel in various departments and learn more about the company’s business operations.
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- 5 The Board should review New Director Orientation program annually to ensure the activity yields utmost benefit and achieves its objectives. The review can be done by analyzing pros, cons, and obstacles from the previous orientation session while seeking ways for further improvement. *(See guideline 3.1)*
- 6 The Board should use the director's qualifications, expertise, experiences, strengths and weaknesses observed during the orientation session as references in identifying gap which will then be integrated into individual director development plan afterwards. *(See guideline 3.2)*



Section 2



# Guidelines



# Guideline 1 | Fundamentals of New Director Orientation

## 1.1 Definition and Importance of New Director Orientation

- 1.1.1 New Director Orientation is a process to communicate and relay important and necessary information to newly appointed director before assuming the roles. The process is meant to ensure the new Board member is ready and able to perform duties of director effectively.
- 1.1.2 Orientation is an essential process to help the new director comprehend with the company's background, objectives, and purposes. It is also a key mechanism to get to know and create good relationship among Board members. Therefore, the Board should recognize its significance and stipulate that orientation is "mandatory" for all newly-appointed directors.
- 1.1.3 The Board should recognize the importance of New Director Orientation as it creates first impression of newly appointed director toward the company. The activity also reflects overall governance structure and corporate culture that will directly affect attitudes and confidences of the new director in performing duties in the future.
- 1.1.4 New Director Orientation has no standardized format. It hinges on discretion of the Board, surrounding context, readiness, and appropriateness of each company.

## 1.2 Key Concept and Components of New Director Orientation

- 1.2.1 The Board should understand good principles of New Director Orientation and ensure that the company's orientation is implemented in accordance with four key characteristics including:
  - 1.2.1.1 **Background Briefing:** The orientation should contain activities that allow the new director to learn and understand relevant details critical for his/her roles as well as company's key information such as corporate risk, financial position, etc.
  - 1.2.1.2 **Familiarization:** The orientation should contain activities that help newly appointed director know and interact with personnel in various levels (Board and senior management) as well as familiarize and adjust to corporate culture / overall working environment.

- 1.2.1.3 **Mentoring:** The orientation should contain activities that promote positive attitudes of the new director toward the company, make him/her feel confident and ready to perform, and do not feel alienated or pressured.
- 1.2.1.4 **Tailoring:** The orientation should have wide scope of activities and loose timeframe (not one-size-fits-all) to ensure sufficient flexibility, allowing appropriate modification to match different qualifications, age, and experiences of each new director.

### 1.3 Board's Roles and Responsibilities in New Director Orientation

- 1.3.1 The Board should stipulate that the company conduct orientation for newly appointed director and have a clear practice in written. They can be integrated into Corporate Governance Policy, the Board Charter, or other policies as the Board deems appropriate.

*The board should ensure that newly appointed directors receive a formal and proper induction and all information relevant to their responsibilities and performing their duties, including details about the company's objectives, the nature of the business, and the company's operations.*

Corporate Governance Code for Listed Companies 2017

- 1.3.2 The Board may assign the Nomination Committee or Corporate Governance Committee (if any) to develop framework and implementation process before submitting to the Board for approval. This activity may be included as part of the Director Development Plan.
- 1.3.3 The Board should encourage all directors to take parts in New Director Orientation, especially Chairman of the Board, Chairman of Nomination Committee / Chairman of Corporate Governance Committee (if any). The Chief Executive Officer (CEO) should be key responsible person for this process while other directors should take this opportunity to get to know and jointly welcome the new directors or even help elaborate certain issues, such as roles and responsibilities of the Board. This can be considered one of director development activities for current board members to refresh their relevant knowledge.
- 1.3.4 During the orientation period, the Board may assign Corporate Secretary to support, facilitate, and coordinate in various fronts, such as making appointment, prepare, compile, and submit documents to the new director and other relevant persons.

## Guideline 2 | New Director Orientation Process

### 2.1 Objective Setting of New Director Orientation

2.1.1 The Board should set clear objectives for New Director Orientation. Among Board expectations that can be set as objectives for the activity are

2.1.1.1 To help the new director feel comfortable and relax, have positive attitudes, able to adjust to new environment and ready to perform director's roles.

2.1.1.2 To help the new director meet, get to know, and build healthy relationship with other Board members, the management and other relevant persons.

2.1.1.3 To help the new director gain sufficient knowledge and understanding about board-related issues, such as corporate governance, director's responsibilities and liabilities (both in legal aspect and Fiduciary Duty), current situation, trend, and challenges of the company.

2.1.2 The Board should reiterate and communicate aforementioned issues with the CEO, Corporate Secretary, and other persons responsible for arranging the orientation session to create common understanding and ensure that contents and processes align with the objectives and reflect those expectations.

### 2.2 Process of New Director Orientation

The Board should realize that the orientation is a "continuous process" that will help the new director gain knowledge and understanding about the company, director's roles and responsibilities, board function, and corporate culture to create confidence and readiness to perform effectively.

Since the process takes time and is not one-off process, the Board may provide Corporate Secretary or relevant units with guidance / framework that divides New Director Orientation into three stages as follow:

## 2.2.1 Self-Study Stage

- 2.2.1.1 The Board should ensure that orientation activity is initiated right from the stage of inviting qualified persons to assume directorship. The Board may assign Corporate Secretary to present the persons with basic information, such as corporate background, business operation, shareholding structure, list of Board members, director's roles and responsibilities stipulated by relevant laws, etc.
- 2.2.1.2 Presentation of the aforementioned information is meant to allow the persons being invited to join the Board to study and comprehend with relevant details before accepting to be director.
- 2.2.1.3 Once the person is appointed by shareholders to be director, the Board should assign Corporate Secretary to send official invitation letter in accordance with resolution of the shareholders' meeting along with "Board Manual" (see Appendix 1) to the new director.

## 2.2.2 Official Orientation Stage

- 2.2.2.1 After sending official invitation letter to join the Board in accordance with resolution of the shareholders' meeting, the Board should officially conduct orientation session for the new director. In this regard, the Board may assign Corporate Secretary to be the key coordinator. The session should be conducted prior to the first Board meeting of the new director.
  - 2.2.2.2 Although the New Director Orientation should be conducted as soon as possible following appointment by shareholders, the activity does not have to be completed within one day. The orientation timeframe is subject to presentation format and volume of contents that need to be clarified to the new director.
  - 2.2.2.3 Chairman of the Board, Chairman of assigned committees (if any), and Chief Executive Officer (CEO) should have roles as key facilitators of the orientation session. However, the Board may assign other senior executives, such as Chief Financial Officer (CFO), Chief Operating Officer (COO) to join discussion in certain issues, especially those concerning management.
  - 2.2.2.4 The Board may arrange for experts or external facilitators to conduct the orientation in order to ensure unbiased and professional approach while allowing all directors, including Chairman of the Board and CEO, to fully participate as appropriate.
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2.2.2.5 The Board should encourage the orientation's atmosphere to be conversational style with an aim to create understanding rather than lecture style, or presentation of massive information to the new director.

2.2.2.6 The Board should ensure that orientation session provides the new director sufficient time for discussion, exchange views, and questions in the following issues:

- Self-introduction (experiences / expertise), personal perspectives, and expectations in joining the Board.
- Challenges or obstacles that the current Board is facing.
- Exchanging views or questioning other participants about "expectations in performing director's roles".

Besides sufficient time allocation, the Board should also promote relaxing and friendly atmosphere to make the new director gain confidence and feel comfortable to ask questions or discuss those issues openly in straight forward manner.

2.2.2.7 The Board may take this opportunity to discuss with the new director about the possibility to join board-level committees in accordance with personal interest, expertise, and experiences. In case such roles have already been set or assigned, the Board should ensure the new director receives adequate information concerning scope of authority, roles and responsibilities of particular committees.

### 2.2.3 Onboarding Stage

2.2.3.1 After the official orientation, the Board should ensure the new director has a chance to meet, greet, and get to know key personnel in various departments (that may not have participated in the official orientation program) extensively. The Board may assign the Corporate Secretary to coordinate and accommodate such sessions.

- 2.2.3.2 Before the new director attends his/her first Board meeting, the Board may assign the Corporate Secretary to allot time for the new director to meet with the Chairman of the Board and the CEO one more time. It could be an informal meeting to discuss issues that the Director should aware before the meeting, expected roles, decision-making process, as well as other issues that they may not get a chance to elaborate during the orientation session.
- 2.2.3.3 The Board should allot time for the new director to observe or visit the company's operating sites, offices, branches, or plants (tours & off-site visits) together with the Chief Executive Officer (CEO) or the management in order to understand the company's business model and gain operational perspective.
- 2.2.3.4 During the first 3-6 months of the new director, the Board may unofficially assign a senior director to act as "Mentor" of the new director. The mentor is tasked to provide useful advice and guidance in performing director's roles, the art of questioning, and issues that the new director may not yet feel comfortable to raise in straight forward manner at the Board meeting. This is meant to make the new director feel more confidence and perform director's roles effectively.
- 2.2.3.5 The new director should study Minutes of Board Meetings of the past six months (at least) to understand the company's recent development. Meanwhile, the "Mentor" also has an important role in explaining background and clarifying queries the new director may encounter from studying such documents. This will make the new director understand, see linkage, be more ready and more confidence to express personal opinion at the next Board meeting.
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## Guideline 3 | Director Orientation Evaluation and Development

### 3.1 New Director Orientation Monitoring and Evaluation

- 3.1.1 The Board should review New Director Orientation annually to ensure the activity yields utmost benefit and achieves its objectives. The Board may assign the Nomination Committee / Corporate Governance Committee (if any) to collaborate with the Corporate Secretary and assess the orientation's effectiveness by analyzing pros, cons, and obstacles from previous orientations then propose ways for further improvement to the Board.
- 3.1.2 After a certain period (about 3-6 months) following the orientation, the Chairman of the Board may seek an unofficial one-on-one meeting with the new director to interview the feeling after joining the Board. This is the opportunity for the Chairman to observe and evaluate if the new director express sign of diffidence or worries about any issues so that the Chairman can understand and resolve.

### 3.2 Extending Results of New Director Orientation

- 3.2.1 The Director Orientation is an activity that allows the Board to view profile, expertise, experiences as well as strengths and weaknesses of the new director through conversation and exchange of views.
- 3.2.2 The Board should put the identified qualifications into the Board Skill Matrix to depict present picture and use as references in gap analysis for future integration into individual director development plan, such as:
- 3.2.2.1 Encourage the new director to attend seminar, training, company visit, etc. to enhance knowledge, understanding, perspective, and necessary skills that he/she still lack. The Board may also assign the Corporate Secretary to seek relevant activities and provide administrative support to the new director.
- Note:** More details can be found in "Guideline on Board Evaluation and Development" by the Thai Institute of Directors (IOD).
- 3.2.2.2 Planning to appoint the new director as member of board-level committees, such as Audit Committee, Risk Management Committee (if any), etc. as the Board deems that the new director has relevant skills, knowledge, and expertise.

## Appendix 1 : Example of Key Items That Should Be Included in Board Manual

Example of Key Items That Should Be Included in Board Manual		
Corporate Information	Key Policies	Board
<ul style="list-style-type: none"> <li>• Corporate background</li> <li>• Memorandum of Association</li> <li>• Article of Association</li> <li>• Vision, mission, core values</li> <li>• Business operations</li> <li>• Top 10 major shareholders</li> <li>• Organization structure</li> <li>• Group structure, associate companies, subsidiaries (if any)</li> <li>• Strategic plan and business direction</li> <li>• Risk factors / controls</li> <li>• Major projects under development</li> </ul>	<ul style="list-style-type: none"> <li>• Code of conduct / ethics</li> <li>• Corporate governance policy</li> <li>• Risk management policy</li> <li>• Whistleblowing policy</li> <li>• Insider information policy</li> <li>• Connected transactions policy</li> <li>• Conflict of interest policy</li> <li>• Anti-corruption policy</li> <li>• ESG / Sustainable development policy</li> <li>• Environmental policy</li> <li>• Subsidiary and associate company supervision policy</li> </ul>	<ul style="list-style-type: none"> <li>• List of board members</li> <li>• List of committees' members</li> <li>• Board structure and board skill matrix</li> <li>• Roles and responsibilities of the board and committees</li> <li>• Director's legal liabilities in accordance with relevant laws, such as securities and exchange act, public limited companies act, etc.</li> <li>• D&amp;O insurance (if any)</li> <li>• Director remuneration and benefits</li> <li>• Report on director's shareholdings</li> </ul>
Financial Information	Work Process	Other Information
<ul style="list-style-type: none"> <li>• Annual financial statements</li> <li>• Notes to financial statement</li> <li>• Management discussion &amp; analysis (MD&amp;A) (at least for the past 3 years)</li> <li>• Annual budget</li> </ul>	<ul style="list-style-type: none"> <li>• Minutes of the board meeting (at least for the past 1 year)</li> <li>• Annual board calendar</li> <li>• List of key activities that the board should attend as deem appropriate, such as AGM, investor's day, or CG day.</li> </ul>	<ul style="list-style-type: none"> <li>• Regulator's recommendation</li> <li>• Legal disputes</li> <li>• Contact information of the board, corporate secretary, management, etc.</li> </ul>



## Appendix 2 : Example of New Director Orientation Program

Example: New Director Orientation Program		
Agenda	Details / Key Contents	Responsible Persons
1. Opening remark	<ul style="list-style-type: none"> <li>- Agenda and basic information</li> <li>- Orientation process</li> </ul>	Corporate Secretary
2. Official welcoming address	<ul style="list-style-type: none"> <li>- Brief profile, knowledge, expertise, experiences, and qualifications of the new director</li> <li>- Introduction of new director to other Board members</li> </ul>	Chairman of the Board or Chairman of Nomination Committee (if any)
3. Overall corporate information	<ul style="list-style-type: none"> <li>- History and background of the company</li> <li>- Vision, mission, and core values</li> <li>- Business operation</li> <li>- Organization structure</li> <li>- Financial position</li> <li>- Other information, such as core products / services, target customers, key competitors, stakeholders</li> </ul>	CEO and/or other executives such as Chief Operating Officer (COO)
4. Roles, and responsibilities of the Board	<ul style="list-style-type: none"> <li>- List of current Board members</li> <li>- Board / Committees structure</li> <li>- Job description of director</li> <li>- Expectation on director's performance</li> <li>- Board policies and guidelines, such as term, voting, meeting attendance requirement, etc.</li> </ul>	Chairman of the Board or Chairman of Nomination Committee (if any) or senior director
5. Strategic plan and business direction	<ul style="list-style-type: none"> <li>- Short- and long-term goals / objectives of the company</li> <li>- Strategic plan, annual plan</li> <li>- Budget</li> <li>- Current situation, trend, risks, and challenges</li> </ul>	Chief Executive Officer (CEO) and/or other executives, such as Chief Financial Officer (CFO)
6. Board calendar	<ul style="list-style-type: none"> <li>- Annual meeting schedule</li> <li>- Annual director development plan / activities</li> </ul>	Corporate Secretary
7. Q&A session	<ul style="list-style-type: none"> <li>- The new director asks other Board members any queries that have insufficient information or need further clarification.</li> </ul>	All participants

## Appendix 3 : Example of New Director Orientation Evaluation Form

New Director Orientation Evaluation Form					
Evaluation Topic	Satisfaction level				
	1	2	3	4	5
1. You received all necessary documents / information for proper preparation ahead of the orientation.					
2. The aforementioned documents / information were submitted to you in advance and in appropriate timing.					
3. Documents contained key information useful in performing director's roles.					
4. The duration of orientation session was appropriate and concise.					
5. The orientation session had proper presentation format.					
6. Speakers / Facilitators have qualifications that are suitable for discussion topics.					
7. The orientation session contained useful contents for you to perform as director.					
8. The orientation granted you opportunities to fully exchange views and ask queries.					
9. Overall, the orientation session made you ready and feel more confident in performing director's roles.					
10. Suggestions .....					
.....					
.....					

**Evaluation Criteria:** (1) should be improved (2) fair (3) moderate (4) good (5) excellent

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